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January 20, 2000

**VIA HAND DELIVERY**

Mr. David Waddell  
Executive Secretary  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, TN 37243-0505

Re: PETITION TO CONVENE A CONTESTED CASE  
PROCEEDING TO ESTABLISH PERMANENT PRICES FOR  
INTERCONNECTION AND UNBUNDLED NETWORK  
ELEMENTS

**TRA DOCKET NO. 97-001262**

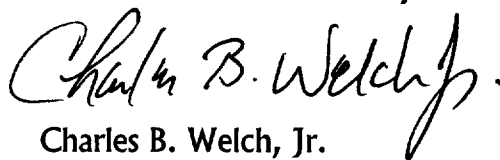
Dear Mr. Waddell:

Enclosed for filing, please find the original plus thirteen (13) copies of  
The Comments of the Tennessee Cable Telecommunications Association.  
Copies are being served on parties of record.

If you have any questions or concerns with regard to this filing, please do  
not hesitate to contact me.

Very truly yours,

**FARRIS, MATHEWS, BRANAN,  
BOBANGO & HELLEN, P.L.C.**

  
Charles B. Welch, Jr.

CBWjr:cg  
cc: Carolyn M. Marek  
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**BEFORE THE TENNESSEE REGULATORY AUTHORITY  
NASHVILLE, TENNESSEE**

**JANUARY 20, 2000**

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EXECUTIVE SECRETARY

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**IN RE:  
PETITION TO CONVENE A  
CONTESTED CASE PROCEEDING TO  
ESTABLISH PERMANENT PRICES  
FOR INTERCONNECTION AND  
UNBUNDLED NETWORK ELEMENTS**

**DOCKET NO. 97-001262**

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**COMMENTS OF THE  
TENNESSEE CABLE TELECOMMUNICATIONS ASSOCIATION**

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The Tennessee Cable Telecommunications Association ("TCTA"), by and through counsel, respectfully submits its comments regarding the Tennessee Regulatory Authority's ("TRA") Interim Order on Phase I, issued January 25, 1999, and the Order Re: Petitions for Reconsideration and Clarification of Interim Order on Phase I, issued November 3, 1999, in Docket No. 97-01262 (Permanent Prices for Interconnection and Unbundled Network Elements).

In order to estimate the forward-looking costs of providing unbundled network elements, the TRA has expended great time and effort evaluating the parties' cost proxy models. The TRA has considered, and even reconsidered, the massive amounts of information to arrive at "permanent prices" for unbundled network elements ("UNE"). The TCTA urges the Authority to treat its recent reconsideration of unbundled network element pricing as yet another step toward the ultimate objective of implementing a fully competitive, robust market structure. In furtherance of this goal, the TRA should vigilantly monitor the regulatory, technical, and market developments that may lead to further reconsideration of its UNE orders.

An important regulatory development at the federal level is already turning the Authority's attention to reconsider the UNE rates established in its November 3, 1999 Order. The Federal Communications Commission's ("FCC") Ninth Report and Order in CC Docket No. 96-45 will require the TRA to reexamine the costs of individual unbundled network elements and unbundled network element combinations to implement geographic deaveraging. Consequently, the TRA must review the carriers' new cost studies (e.g. BellSouth and AT&T/MCI) to determine whether these studies comply with the FCC's minimum unbundling requirements.

The cost proxy models under review in the instant, as well as in future, proceedings should reflect major technological improvements (e.g. digital loop carrier efficiencies) that carriers have successfully tested and deployed as part of an ever-improving network architecture. The TRA should incorporate the network efficiencies as revisions to the cost proxy model platforms' forward-looking technology or input values in order to provide the most current, accurate, and reliable cost estimates.

With little doubt, new marketplace developments will arise from the ordering and provisioning of unbundled network elements and unbundled network element combinations. As mass orders for UNEs become more common, the TRA should compare the costs actually incurred by the ILEC to cost study projections. This comparison may reveal instances where actual costs diverge substantially from estimated nonrecurring costs. Such results would require the TRA to adjust the cost studies and the rates for UNEs.

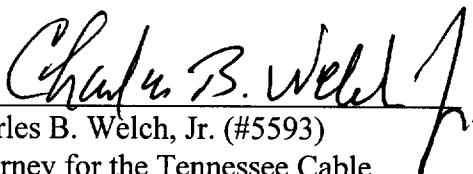
In response to the FCC's mandate to provide geographically deaveraged costs for unbundled network elements, BellSouth develop a new cost proxy model. In the event that BellSouth foregoes the TELRIC Calculator as its primary vehicle for estimating forward-looking, recurring costs in other jurisdictions' regulatory proceedings, the TRA should order

BellSouth to populate the new model with Tennessee-specific data. Likewise, if BellSouth has assumed superior efficiencies in its cost studies submitted in other jurisdictions (e.g. a fall-out rate under seven percent (7%) ), the input values the TRA has adopted in the state's cost studies should reflect those productivity enhancements.

In conclusion, the TCTA believes that the Authority's November 3, 1999 Order implementing permanent prices for unbundled network elements merely represents a milepost on the inevitable road towards a fully competitive market. The TRA should keep in mind, however, that the recently ordered UNE rates may be ripe for reconsideration in the near future, as regulatory, technical, and market developments apply pressure those to rates.

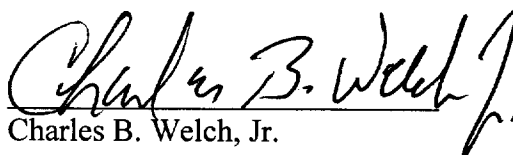
Respectfully submitted,

**FARRIS, MATHEWS, BRANAN  
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**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing Comments of Tennessee Cable Telecommunications Association have been served upon all parties of record by placing a copy of same in the United States Mail, properly addressed and postage prepaid, this the 20<sup>th</sup> day of January, 2000.

  
Charles B. Welch, Jr.